

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 /019 W  
-----101055 191235Z /43

R 191140Z FEB 78  
FM AMEMBASSY TEHRAN  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 7040

UNCLAS SECTION 1 OF 2 TEHRAN 01755

E.O. 11652: N/A  
TAGS: BBSR IR  
SUBJ: WTDR/FTI: INDUSTRIAL DEVELOPMENT AND RENOVATION  
ORGANIZATION (IDRO)

REF A. USDOC 2209, B. USDOC 2232, C. 77 TEHRAN 11295

1. IRAN  
OFFICE USE: 2. 507 3. 4. 01  
5. INDUSTRIAL DEVELOPMENT AND RENOVATION ORGANIZATION  
6. JAM-E-JAM STREET, PAHLAVI AVENUE  
P O BOX 11-1718  
7. TEHRAN  
8. CONTACT: DR. HOUSHANG SABETI  
9. TITLE: PRESIDENT  
OTHER OFFICIALS ARE: DR. NADER KHZAD, TECHNICAL VICE PRES  
DR. KHAJAVI, VICE PRESIDENT FOR RESEARCH AND DEVELOPMENT  
DR. SHEYBANI, FINANCIAL VICE PRESIDENT  
DR. BAHMAN SANI, DIRECTOR FOR INTERNATIONAL OPERATIONS  
10. PHONE 294101/15 11. TELEX 215031 IRKA  
12. CABLE  
13. ESTABL: 1968 14. EMPL 135 15. SIZE: LARGE  
16. REPUTATION: (Y) GOOD 17. RPT DATE 2/78  
OFFICE USE: 18. NA 19. NA 20. NA 21. NA 22. NA  
23A. 9611 GOVERNMENT INDUSTRIAL DEVELOPMENT CORPORATION  
24. FOREIGN SALES: LOCAL AND EXPORT  
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25. FINANCIAL REFS: BANK MARKAZI  
26. PARTIAL LIST OF US COMPANIES WHO HAVE JJINT VENTURE  
MANUFACTURING AGREEMENTS WITH IDRO COMPANIES:  
MACHINE SAZI ARAK: WABCO, ILLINOIS, DUMPER BODIES; COM-  
BUSHION ENGINEERING, CONNECTICUT, HEAT EXCHANGERS AND  
PRESSURE BOILERS; ESCO, NEW YORK, SPECIAL STEELS.  
MACHINE SAZI TABRIZ: US ELECTRICAL MOTORS DIVISION, EMERGON

COMPANY, MISSOURI, FRACTIONAL ELECTRIC  
MOTORS AND GENERATORS; MEDIUM MOTOR AND GEARING DIVISION,  
WESTINGHOUSE ELECTRIC COMPANY, NEW YORK, INTEGRAL MOTORS  
AND GENERATORS.

IRAN HEAVY EQUIPMENT COMPANY: INTERNATIONAL HARVESTER,  
ILLINOIS, AGRICULTURAL TRACTORS.

IRAN JOHN DEERE: DEERE AND CO., ILLINOIS, AGRICULTURAL  
MACHINERY.

IRAN ALUMINUM COMPANY: INTERNATIONAL DIVISION, REYNOLDS  
METALS COMPANY, VIRGINIA, ALUMINUM.

REFRACTORY MATERIALS COMPANY: HARBISON WALKER DIVISION,  
DRESSER INDUSTRIES, PENNSYLVANIA, REFRACTORY PRODUCTS.

27. FOREIGN FIRMS REPRESENTED: SAME AS ITEM (26).

28. POST EVALUATION:

STRUCTURE: IDRO IS SEMI-AUTONOMOUS ORGANIZATION SET  
UP IN 1968 TO DIRECT IRAN'S INDUSTRIAL DEVELOPMENT BY  
REHABILITATION OF EXISTING ENTERPRISES AND CREATION OF NEW ONES,  
EITHER ALONE OR IN PARTNERSHIP WITH PRIVATE CAPITAL, GENERAL  
POLICY IS MADE BY GENERAL SHAREHOLDERS BOARD, CHAIRED BY  
MINISTER OF ECONOMY AND FINANCE (OR HIS REPRESENTATIVE), ON  
WHICH MINISTERS OF LABOR, INDUSTRY AND MINES, MANAGING  
DIRECTOR OF PLAN AND BUDGET ORGANIZATION, AND GOVERNOR OF  
CENTRAL BANK (OR THEIR REPRESENTATIVES) HOLD SEATS. BOARD  
DELEGATES MOT OF ITS POWERS TO THE HIGH COUNCIL, WHICH  
MEETS MONTHLY TO SUPERVISE MANAGEMENT AND COMPANY OPERATIONS.  
MEMBERS OF HIGH COUNCIL: MANAGING DIRECTOR OF PLAN AND  
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BUDGET ORGANIZATION (CHAIRMAN), UNDERSECRETARIES OF  
MINISTRIES OF FINANCE AND ECONOMIC AFFAIRS, INDUSTRIES

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AND MINES, LABOR AND SOCIAL AFFAIRS, AND EXPERTS IN FIELDS OF BANKING, FINANCE, INDUSTRY, COMMERCE AND LAW. PRESIDENT IS APPOINTED BY HIGH COUNCIL, WITH CONCURRENCE OF BOARD, AND HE APPOINTS DIRECTORS OF OPERATING UNITS: CONSUMER GOODS, MECHANICAL INDUSTRIES, CHEMICALS, BUILDING AND CONSTRUCTION, MINING METALLURGICAL INDUSTRIES, SERVICE INDUSTRIES, RESEARCH AND DEVELOPMENT, INTERNATIONAL PROJECTS. EACH DIRECTOR EXERCISES RESPONSIBILITY OVER GROUPS OF AFFILIATED COMPANIES IN WHICH IDRO HAS FROM 5 PERCENT TO 100 PERCENT OWNERSHIP.

MANAGEMENT: IDRO MANAGEMENT IS WELL REGARDED IN IRAN. ALTHOUGH A GOVERNMENT ORGANIZATION, IDRO'S MISSION CALLS FOR IT, WHEREVER POSSIBLE, TO ACT AS CATALYST FOR PRIVATE INVESTMENT RATHER THAN SIMPLY AS A CONDUIT FOR GOVERNMENT CAPITAL, AND TO ALLOW MAXIMUM AUTONOMY TO INDIVIDUAL AFFILIATE COMPANIES IN MANAGING THEIR OWN AFFAIRS. CURRENT OPERATING PHILOSOPHY IS CONSOLIDATION, BY WHICH IS UNDERSTOOD EFFICIENT AND PROFITABLE MANAGEMENT OF EXISTING COMPANIES RATHER THAN ACQUISITION OF NEW ONES. IT IS GENERALLY AGREED THAT BETWEEN 1973 AND 1976, THE ORGANIZATION'S RATE OF EXPANSION STRAINED THE CAPABILITIES OF MANAGEMENT TO KEEP PACE.

FINANCE: LAST BALANCE SHEET ISSUED WAS FOR IRANIAN FISCAL YEAR 76/77 (ENDING 3/21/77) AND CONTAINS FOLLOWING INFORMATION: COMPANIES IN WHICH IDRO HOLDS EQUITY; 52; UNCLASSIFIED

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TOTAL EQUITY: RS 56 BILLION (DOLS 794 MILLION); PAID-IN EQUITY, RS 7 BILLION (DOLS 99.2 MILLION); TOTAL ASSETS: RS 82.9 BILLION (DOLS 1.17 BILLION); OPERATING GROSS INCOME: RS 24 BILLION (DOLS 340 MILLION); SUBSIDIES RS 323 MILLION (DOLS 4.5 MILLION); NET LOSS RS 85 MILLION (DOLS 1.2 MILLION); COMPANIES WITH WHICH IDRO HOLDS MANAGEMENT OR TECHNICAL ASSISTANCE AGREEMENTS; 60. ALTHOUGH IDRO HAS ALWAYS SHOWN DEFICIT, LOSSES HAVE BEEN FALLING RELATIVE TO OPERATING INCOME AND THE ORGANIZATION IS EXPECTED TO SHOW SMALL PROFIT IN 77/78. IDRO COMPANIES ARE THUS FAR EXEMPT FROM IRANIAN LAW REQUIRING COMPANIES TO DISTRIBUTE EQUITY AND PROFITS AMONG WORKERS.

RECOMMENDATIONS: ISRO IS AN ENTITY OF IRANIAN GOVERNMENT AND AS SUCH CAN BE EXPECTED TO HONOR FINANCIAL AND CONTRACTUAL AGREEMENTS. HOWEVER, AGREEMENTS WITH IDRO AFFILIATED COMPANIES SHOULD EACH BE CONSIDERED ON THEIR MERITS AS THE AFFILIATED COMPANIES HAVE MANAGEMENT AUTONOMY. U.S. FIRMS INTERESTED IN JOINT VENTURE PRODUCTION IN IRAN SHOULD CONSULT INTERNATIONAL PROJECTS

DIRECTOR OF IDRO AS INITIAL CONTACT. AFFILIATE FIRMS  
ARE RESPONSIBLE FOR THEIR OWN PROCUREMENT EXCEPT FOR  
MAJOR TRANSACTIONS WHEN NON-COMMERCIAL CONSIDERATIONS  
MAY DEVELOP.  
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## Message Attributes

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**Decapton Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014